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LAST OF FOUR DEFENDANTS PLEADS GUILTY IN MORTGAGE FRAUD SCHEME

SACRAMENTO, Calif. — United States Attorney Benjamin B. Wagner announced today that Melissa Villegas, 31, of Sacramento, the last defendant in a mortgage fraud scheme, pleaded guilty today before United States District Judge Edward J. Garcia to conspiracy to commit mail fraud. Rick Villegas, 33, of Sacramento, pleaded guilty to mail fraud on December 15, 2010; Kathleen DeLapp, 47, of Auburn, pleaded guilty to misprision of felony on December 9, 2010; and Robert Martinson, 48, of Newcastle, pleaded guilty to mail fraud on January 8, 2010.

This case is the product of an investigation by the Internal Revenue Service, Criminal Investigation, the Federal Bureau of Investigation, and the California Department of Real Estate. Assistant United States Attorney Russell Carlberg is prosecuting the case.

According to court documents, the defendants schemed to defraud mortgage lenders by submitting fraudulent loan applications in the names of straw buyers and other investors. Martinson ran a branch of MAC Real Estate Services out of a gym on Watt Avenue, in North Highlands, which he owned but operated under his wife's name and license. Martinson purchased dozens of homes throughout the Sacramento area as investment properties and placed title to them in "Sheryl's LLC." In 2005, as the housing market began to slow, Martinson unloaded properties from Sheryl's LLC using straw buyers.

DeLapp was a loan processor for MAC Real Estate Services and an account executive for Aegis Mortgage. DeLapp processed some of the loans for Martinson's buyers. When DeLapp could not process the loans through Aegis, DeLapp, for a fee, assisted Martinson in facilitating real estate loans with other lenders. DeLapp processed loan applications from Martinson that contained inconsistent representations to the lender about occupying the property.

Co-defendants Rick Villegas and then-wife, Melissa Villegas, were mortgage loan officers working out of their home under the license of Landmark Realty Company. In 2006, their company brokered six home loans that contained materially false representations concerning the borrowers' income, employment history, and intent to occupy the homes as primary residence. Melissa Villegas assisted on two of the loan applications, knowing those two applications contained false declarations of primary residence, false employment, and false income information. Rick signed one of the applications as the loan interviewer, knowing the interview never occurred and that information on the loan applications was false.

Sentencing is set for Melissa Villegas on March 11, 2011, for Martinson, it is February 25, 2011, and for DeLapp and Rick Villegas, it is set for March 4, 2011. The maximum statutory penalty for mail fraud is 20 years in prison, a \$25,000 fine, and a three-year period of supervised release. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.